Accounting Historians Journal

Volume 9
Issue 1 *Spring 1982*

Article 9

1982

Doctoral research [1982, Vol. 9, no. 1]

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The Accounting Historians Journal
Vol. 9, No. 1
Spring 1982

DOCTORAL RESEARCH

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This current selection of dissertations provides a long-range perspective on the interrelationships between trade and the growth of economic, political, and social institutions in a number of different countries.

Andrews takes the lead with his account of multidisciplinary research into the role of the salt trade in developing the Maya civilization during the dawn of the common era. Moving into more modern times, we take up the first of several studies involving the great rival nations of France and Spain. Berger's theme is a familiar one: the influence of financial administration on war and its outcome. By the middle of the 17th century, France's prolonged war with Spain had brought her to the verge of bankruptcy and attempts to raise money led to the civil disturbances of the *Fronde*. After leading us through these events, Berger introduces his "great man": a dissertation approach which has grown in popularity recently. This leading figure was Foucquet whose ambiguous dealings in State financial paper led to personal disaster but national triumph. The money which Foucquet raised went to pay for the army. The army was victorious and France was on its way to becoming the greatest power on the Continent of Europe.

Longfellow's analysis of the labor movement in Lyon during the final years of the *ancien regime,* its political strategies and alliances to achieve social goals, and its taking to the streets during the Revolution, rings with familiar parallel events in Eastern Europe. The weavers won their struggle for separate identity, but only to see these social and political gains swept away by a public policy, in their case, *laissez-faire* economics. While France was experiencing complete and rapid change in all its institutions, its best friend and best enemy, Spain, was benefitting from its own significant change in economic policy. McWatters' study of the royal tobacco monopoly in New Spain is an important analysis of the process and implications of shifting from private to public ownership. Further, it explores the importance of the role played by the main tobacco factory in Mexico City for the development of the surrounding area. Kicza's research is complementary, in that he was studying business and society in the same city and during roughly the same period in history. His was a broader scope, however. Rather than following one bright thread through the network of social, political, and economic relations, Kicza examined the whole fabric of trade and identified the family as the articulating mechanism in the private sector of the economy.

Yet another strategy for industry research was adopted by Robles who traveled to Peru to investigate the empirical nature of changes in technology. By concentrating on one sector, textiles, Robles gathered information from a very high percentage of firms which had adopted major process innovations. His data analysis methods should also be of interest to those researchers with compact data sources.

The two final dissertations deal with recent times in the United States. Cooper's research on the life, times, and contributions of Carman G. Blough provides a needed and valuable input to the inventory of histories of the great accounting pioneers. The more we can learn about their efforts, the more we can appreciate our art and how they have advanced it. As Cooper underscores, much of their labor goes unsung if not investigated, because the problems which they helped resolve have left few if any traces. Blough's concerns over the debilitating effects of Government intervention in the market leads us into Bartels' study of the Office of Price Administration during the Second World War. Administering this type of program in an inherently hostile environment was a challenging assignment and it fell to the lot of two different personalities: Leon Henderson, an economist, and, later, Chester Bowles, an advertising executive. Their efforts, failures, and successes, given their limited arenas, provide an interesting commentary on the government's reluctance to shift to unpopular public policy even though national interests may be in jeopardy. Society's propensity to reject incongruent intrusions appears well established as a universally acknowledged truth.

Salt-Making, Merchants and Markets: The Role of a Critical Resource in the Development of Maya Civilization (The University of Arizona, 1980, 389 pp; 41/5, p. 2184-A)[1] by Anthony Parshall An-

[1]*Dissertation Abstracts International,* volume and page reference.

drews. This is a particularly noteworthy study because of its multidisciplinary nature. The Maya Salt Project, as it is known, was carried out during the six-year period 1974-80 and involved researchers from the fields of archeology, ethnography, history, and economics who examined the salt trading networks which emerged in southern Mesoamerica from 300 B.C. to 300 A.D. The author, an archeologist, performed field and library work in Mexico, Guatemala, Belize, and El Salvador, gathering data about the technological and trading aspects of both the ancient and contemporary saltworks industry.

The inquiry had four basic goals: (1) to synthesize available information concerning the evolution of Maya salt manufacture and trade, (2) to reconstruct the impact of the industry on Maya culture from an historical perspective, (3) to demonstrate the usefulness of multidisciplinary approaches to in-depth investigations of particular sources of trade, and (4) to discover more about Maya trade and its relationship to Maya civilization. Andrews found that, consonant with the importance of this commodity, the salt trade existed in sophisticated form over several centuries. Further, that it had an advanced market economy and a "powerful" class of merchants. His study examines the nature and role of salt in economies restricted to low-sodium diets, discusses early salt-making technology, and goes on to describe the salt-trading areas of the prehispanic era. Through a complex system of long-distance networks, many areas obtained their salt supplies from an individual source in northern Yucatan. This growth in long-distance trade is viewed as an essential element in the growth of Maya civilization.

Military and Financial Government in France, 1648-1661 (The University of Chicago, 1979; 40/10, p. 5544-A) by Peter Jonathan Berger. The birth of a nation often represents triumph over tragedy. Berger's interest in this topic has focused on France and, in particular, two major elements in many problems of genesis: finance and war. In tracking France's development as a major nation, Berger examines its military and financial government during the final period of its long war with Spain, a period marked by the virtual bankruptcy of the State. At the beginning of 1648, the crown approached the chief judiciary body, the Parlement of Paris, with a new fiscal edict designed to raise money for its crippled military operations. The Parlement refused, initiating the period of the *Fronde* which was virtually a state of civil war and lasted until 1653. During this time, the economy continued to deteriorate and the war with Spain had to assume secondary importance. The Spanish, meanwhile, took advantage of the situation by reconquering portions of territory and devastating regions which France had depended on for revenue. As the Fronde disintegrated, however, the King returned to Paris and internal calm was restored.

The end of the Fronde also marked the appointment of two new Superintendants of Finance, Abel Servien and Nicolas Foucquet. Foucquet proved to be the more influential and, until his arrest in 1661, guided the State's financial policy. His downfall was triggered by claims that he allowed huge profits to financiers, thereby amassing a personal fortune and impoverishing the State treasury. Berger's study supports the conventional wisdom that little evidence of guilt was produced at Foucquet's trial. He further suggests that because Foucquet's transactions in Crown promissory notes provided the money needed to pay the French army, it consequently was a major contribution to the triumphant outcome of the war. The Peace of the Pyrenees concluded in 1659, coupled with the Peace of Westphalia, heralded France's rise as the dominant power in Europe.

Colbert was brought in to replace Foucquet and make a fresh start. Given the peace-time conditions, Colbert managed to make headway by scaling down the public debt, introducing a new system of macro-accounting, and aiding mercantilism by subsidies and tariff protection. As Berger points out, however, Colbert went on to suffer the same unpopularity as his predecessor when the wartime conditions of the 1670s forced him to resort to essentially similar fiscal measures.

The Silk-Weavers of Lyon During the French Revolution, 1786-1796 (The Johns Hopkins University, 1980, 544 pp; 40/10, p. 553-A) by David Lyman Longfellow. As we know from contemporary events in Eastern Europe, a distinctive labor force can be shaped by economic conditions and political activism. Longfellow studied the development of this type of phenomenon by examining the activities of the master-weavers of the luxury silk industry in Lyon (Lyons) during the final years of the *ancien regime* and on into the French Revolution.

Today, Lyon is the greatest European producer of silk and rayon and is second only to Paris as an economic center in France. Its importance as a silk center dates from the 15th century. By 1786, this, the city's largest and state-regulated industry, was divided in a severe social and economic struggle between the five thousand or so master-weavers and the silk merchants they outnumbered by about eight to one. Both groups suffered from repeated economic downswings and the weavers, fighting to find work, resented subordination to the merchants. Neither side, however, was willing to submit to pressures for restructuring and deregulating the industry. A particularly severe work stoppage over demands for piece-work rate increases led to the intervention of royal troops who supported repressive efforts against the weavers by the merchants and the city government.

When, in 1788, Louis XVI called for elections to the Estates-General, the weavers grasped their opportunity to pressure the National Assembly and elect politicians sympathetic to their cause. These efforts proved successful and the weavers managed both to increase their piece rates and expel the merchants from the community (corporation). Despite the abolition of guilds and corporations in 1791, the weavers retained their identity as an artisan labor organization, maintained their wage rates (tarif), and obtained an increase in the tarif in 1793. Their fortunes went into temporary decline in that same year when moderates beat down a conservative uprising in which the weavers sided with the Jacobin republicans, and thousands of weavers fled from the ensuing repression. During the subsequent Terror, however, they managed to revenge themselves on their enemies and also obtain needed raw materials for their workshops. As an organized artisan labor movement, though, they suffered from a return to *laissez-faire* economics, while the city itself recovered from the devastation because of the invention of the Jacquard loom.

The turmoil and excitement of those days was captured by Longfellow from manuscripts and printed records in the city archives of Lyon and those of the Department of the Rhone, as well as the National Archives and the *Bibliotheque Nationale* in Paris.

The Royal Tobacco Monopoly in Bourbon Mexico 1764-1810 (The University of Florida, 1979, 300 pp; 40/9, p. 5153-A) by David Lorne McWatters. The royal tobacco monopoly created in New Spain in 1764 was one of the most successful and innovative revenue-producing mechanisms devised by the Spanish State. This study describes how the entire industry was reorganized, how the state-owned enterprise developed and flourished, and the socio-economic impact this new manufacturing sector had on Mexico City.

The decision by the Spanish Bourbons to place under state control the entire process of planting, manufacture, and sale of tobacco in New Spain took place gradually. The initial stage only involved growing and selling leaf tobacco, so that production and sale of manufactured tobacco goods remained in the private sector. State control started in 1765 by limiting the geographical area in which planting could be carried out and requiring planters to enter into formal contracts. Policy affecting the shape and direction of the control process, as it then developed, was uneven because of conflicts between the various administrators, particularly over tobacco supplies. The next major move was to introduce manufacturing control through the production of cigars and cigarettes in state-run factories which were in competition with private concerns. In 1769, state ownership expanded with the opening up of a large factory in Mexico City. This attracted workers and owners from private firms, hastening the demise of private manufacturing interests. In 1775 came the final stage when private tobacco shops were abolished in Mexico City and replaced by government-operated retailing. Thus the entire process was accomplished in little more than a decade.

The benefits to the state were significant. McWatters reports that during the period 1782-1809, the minimum annual revenue was 3 million pesos, a high of 4.5 million being reached in 1789. The study's main concern, however, was with the system of factory production in Mexico City and its socio-economic effects on the factory workers. Of particular interest was the process by which ownership was transferred from the private to the public sector, as well as government enterprise operations.

Business and Society in Late Colonial Mexico City (University of California, Los Angeles, 1979, 600 pp; 40/9, p. 5152-A) by John Edward Kicza. Mexico City in late colonial times is the setting for this study of the integrated nature of its social organization and business operation. While limited geographically, the work has very broad scope, encompassing the social and economic behavior of every major occupational group then operating in the capital city.

Much of the research data was drawn from the national archives of Mexico, the richest source being the notarial records which contain abundant examples of commercial contracts. This volume can be explained by the fact that, because of economic uncertainties, diversification was a common business strategy. Expansion into other commercial areas was frequently accomplished through two-party agreements. The fact that an investor could rely on able management of projects was another strong factor influencing capital investment, and profit sharing, through this type of contract. The other contracting party, usually the venture's manager, also had a strong interest in this type of arrangement because of the potential for a greater return for his efforts than a traditional salary arrangement. Given a successful record, the manager could then himself play the role of entrepreneur as he accumulated the necessary investment capital.

A critical element in this network of commercial relationships was the uniting thread of family connections. The concept of family included both blood relatives and others claiming association by marriage. Clusters of family groups, headed by a key figure, operated various business ventures with much of the professional staff support coming from within the family. Consequently, there were strong economic overtones involved in choices about career paths and life partners, complicated by the social structure which perceived individual efforts as requiring (family) group orientation. This type of group influence pervaded society, with lower social levels emulating the elite, and similar social and economic patterns surfaced across various occupational groups. The importance of Mexico City as the center of trade impacted on the surrounding countryside as it came under the influence of the dominant group in the capital, the merchants. This pre-eminence of Mexico City, and the mechanisms by which it was achieved, has survived to the present day.

The Adoption of Process Innovations in the Peruvian Textile Industry: Organizational Determinants and Sources of Relative Advantage (The Pennsylvania State University, 1979, 301 pp; 40/9, p. 5162-A) by Fernando Robles. Economists have long been interested in why process innovations are adopted in developing countries. Their explanations include: imperfections of factor markets, intrinsic bias on the part of decision makers, or the limited possibilities for technological alternatives. Robles argues that other variables may come into play, particularly given the fact that in developing nations which are typically labor rich, process innovations are usually capital intensive.

To investigate this apparent paradox, Robles chose the Peruvian textile industry for a field study because this industry was known to have adopted three major new technologies, open-end spinning, automatic winding, and the shuttle-less loom. He personally interviewed the managers of 41 firms, representing over 80 percent of the weaving capacity, using a questionnaire to gather data. On a five-point Likert scale, the managers compared the three new technologies with conventional processes with respect to certain economic and noneconomic attributes. The major dimensions of relative advantage were then identified through cluster analysis of the inter-item correlation matrix. A discriminate function provided a relative advantage score for each firm and each innovation, where adoption was the criterion variable and the cluster scores the discriminate variables. These relevant advantage scores were then employed as the dependent variables in a regression of relative advantage on size, export propensity, and complexity. They also acted as an independent variable in a discriminate analysis predicting adoption.

The results showed an apparent positive association between the size of the firm and relative advantage and adoption, with larger firms in the van with respect to adopting process innovations. Conversely, smaller firms exceeded larger firms when it came to undertaking conversion to a new process. Because of inconclusive results, two other hypotheses could not be confirmed. It had been expected, for example, that firms with higher export propensity would have perceived greater advantages for process innovations, or have adopted them. Robles conjectured that a possible reason why results were not clear in this regard was that the value of gains in exports have to be perceived as exceeding the accompanying need for increased investment including the attendant risk factor. Further analysis of the group of adopting firms showed that more intensive process innovation could be linked to those firms which entered export markets earlier and had a greater involvement in export markets.

Carman G. Blough: A Study of Selected Contributions to the Accounting Profession (University of Arkansas, 1980, 271 pp; 41/5, p. 2175-A) by William David Cooper. One approach to the study of a particular phenomenon is to investigate the major influences on its development. In many fields, an increasingly popular strategy is to concentrate attention on the lives and efforts of noted pioneers. One such "great man" in the accounting discipline was Carman Blough whose roles as the first Chief Accountant of the Securities and Exchange Commission (SEC) and the first full-time Director of Research at the American Institute of Accountants, now the American Institute of Certified Public Accountants, facilitated the translation of philosophy into practice. Thus, many of the positions which he initially espoused survive today in the form of professional guidelines.

Cooper's research concentrated on three areas of interest: accounting principles philosophy, contributions to financial accounting, and contributions to auditing standards. A rich store of material was available from published and unpublished writing, correspondence, and lectures. Additional data was also gathered through personal and telephone interviews, including a session, lasting several hours, with Mr. Blough himself.

An important point made by the author in his summing up is the necessity to appreciate Blough's influences on the form and direction of the accounting profession as it evolved over, roughly, a thirty-year period until the 1960s. Otherwise, much of his importance would be overlooked given the fact that many of the problems he dealt with no longer exist. In terms of philosophy, much of Blough's concern was directed towards linking users' needs for information with existing economic conditions. In his view, changing needs and conditions call for flexibility and adaptability in accounting policies, considerations which he felt could only be addressed by private sector establishment of accounting principles.

The Politics of Price Control: The Office of Price Administration and the Dilemmas of Economic Stabilization, 1940-1946 (The Johns Hopkins University, 1980, 551 pp; 41/2, p. 768-A) by Andrew Hudson Bartels. In periods of crisis, governments are placed in the uncomfortable position of setting unpopular public policy. This dilemma is particularly acute in democratic societies, wary of accepting curbs on traditional freedoms. Bartels examines a particular example of this type of situation in the United States: the era of World War II, marked by inflation coupled with shortages of essential commodities. His focus is on the way in which the price control system which went into effect early in the conflict was molded by such factors as the demands of interest groups, ideologies, and institutional imperatives.

The stimulating effects on U.S. industry of the European war in early 1940 and 1941 affected the prices of certain raw materials and industrial products. This brought about a discretionary price administration program headed by a New Deal economist, Leon Henderson. Henderson's philosophy was one of selective control: to restrain prices without hobbling industry and, for political reasons, to leave wages and agricultural prices alone to the extent possible. A selective program, initiated as it was just after the attack on Pearl Harbor, could not last long in the face of pervasive price increases. It soon became evident that wages and agricultural prices would have to be included in the control process.

This thinking was incorporated in the price control legislation passed early in 1942. However, barely one year later at the beginning of 1943, stiff controls were imposed on the Office of Price Administration (OPA) by the President and midway through the year Chester Bowles took over as the OPA's Administrator. As a former advertising executive, Bowles had the requisite background for selling unpopular policy. Among the innovations he introduced into the price control program was active involvement by clients, including special interest groups and private citizens, an approach which proved effective in quietening political controversy.

With the end of the war in 1945, strong pressures were exerted on the Government to lift the control system, pressures which the OPA resisted on the grounds that stabilization measures were necessary to deal with the dangers of inflation. Political considerations prevailed, however, and the OPA finally went out of business at the end of 1946. As forecast, inflation set in and continued at a severe level for two years. As this study demonstrates, incongruent elements introduced into social, political, and economic systems have low survival prospects.